

Memorandum on Improving Financial Management

May 26, 1998

Memorandum for the Heads of Executive Departments and Agencies

Subject: Actions to Further Improve Financial Management

My Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Government Management Reform Act of 1994, the Federal Government has made substantial progress toward achieving our goals of fiscal discipline and reporting reliably to the American people on the Government's operations and fiscal condition.

An important step in this direction has been the efforts of the Federal Accounting Standards Advisory Board to develop accounting standards for the Federal Government. This effort was consistent with the recommendations of the National Performance Review led by Vice President Gore. These standards formed the basis for the first ever government-wide financial statement of the Federal Government, issued on time on March 31, 1998.

While our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. Financial auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These specifically include practices related to the Government's property, Federal credit programs, liabilities related to the disposal of hazardous waste and remediation of environmental contamination, Federal Government employment-related benefits liabilities, and transactions between Federal entities. My FY 1999 budget request to the Congress outlined my commitment to addressing these problems and obtaining an "unqualified audit opinion"—the highest opinion available from auditors—on the Government's financial statements for FY 1999.

To achieve these goals, I am now directing the additional steps set forth below:

1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.
2. The head of each agency identified by the OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.
3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.
4. The OMB shall provide periodic reports to the Vice President on the agency submissions and government-wide actions taken to obtain an unqualified audit opinion of the Government's FY 1999 financial statements.

William J. Clinton

Letter to Congressional Leaders Transmitting a Report on Cyprus

May 26, 1998

Dear Mr. Speaker: (Dear Mr. Chairman:)

In accordance with Public Law 95-384 (22 U.S.C. 2373(c)), I submit to you this report on progress toward a negotiated settlement of the Cyprus question covering the period February 1, 1998, to March 31, 1998. The previous submission covered events during December 1997 to January 1998.

U.S. efforts on the Cyprus issue intensified following the February 15 completion of the Cypriot Presidential elections. In my letter of congratulations to President Clerides on his reelection, I reiterated U.S. support for the U.N. process to achieve a settlement based on a bizonal, bicomunal federation

and expressed the hope that both parties would bring new ideas and creativity to the table. A parallel message was sent to Turkish Cypriot leader Denktash. Special Cyprus Coordinator Thomas J. Miller visited the region March 7–13 to consult with the leaders of both Cypriot communities, as well as Turkish and Greek officials, on how best to address the core issues of the dispute. The Greek Cypriot decision to purchase S-300 anti-aircraft missiles and the Turkish Cypriot suspension of bicomunal contacts continued to be of concern.

It is also important to note that U.S. investigators recovered remains from northern Cyprus that were identified as those of Andrew Kassapis, a Cypriot-American who disappeared during the 1974 conflict. Under separate cover, as required by law, I have transmitted a full accounting of the investigation conducted by the U.S. Government on the fate of Mr. Kassapis and four other U.S. citizens missing from Cyprus. I hope that this report will serve as a catalyst for progress on other cases of Greek and Turkish Cypriot persons missing as a result of intercommunal violence.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Jesse Helms, chairman, Senate Committee on Foreign Relations.

Letter to Congressional Leaders on Burma

May 26, 1998

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on developments concerning the national emergency with respect to Burma that I declared in Executive Order 13047 of May 20, 1997, pursuant to section 570 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, Public Law 104–208 (the “Act”) and the International Emergency Economic Powers Act (IEEPA). This report is submitted pursuant to section 204(c) of IEEPA, 50 U.S.C. 1703(c) and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c). This report discusses only matters

concerning the national emergency with respect to Burma that was declared in Executive Order 13047.

On May 20, 1997, I issued Executive Order 13047 (62 *Fed. Reg.* 28301, May 22, 1997), effective on May 21, 1997, to declare a national emergency with respect to Burma and to prohibit new investment in Burma by United States persons, except to the extent provided in regulations, orders, directives, or licenses that may be issued in conformity with section 570 of the Act. I renewed this order on May 19, 1998. The order also prohibits any approval or other facilitation by a United States person, wherever located, of a transaction by a foreign person where the transaction would constitute new investment in Burma prohibited by the order if engaged in by a United States person or within the United States. This action was taken in response to the large-scale repression of the democratic opposition by the Government of Burma since September 30, 1996. A copy of the order was transmitted to the Congress on May 20, 1997.

By its terms, Executive Order 13047 does not prohibit the entry into, performance of, or financing of a contract to sell or purchase goods, services, or technology, except: (1) where the entry into such contract on or after May 21, 1997, is for the general supervision and guarantee of another person’s performance of a contract for the economic development of resources located in Burma; or (2) where such contract provides for payment, in whole or in part, in (i) shares of ownership, including an equity interest, in the economic development of resources located in Burma; or (ii) participation in royalties, earnings, or profits in the economic development of resources located in Burma.

On May 21, 1998, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) issued the Burmese Sanctions Regulations (the “BSR” or the “Regulations”), 31 C.F.R. Part 537, to implement the prohibitions of Executive Order 13047. The Regulations apply to United States persons, defined to include U.S. citizens and permanent resident aliens wherever they are located, entities organized under U.S. law (including their foreign branches), and entities and individuals actually located in the United States.